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MILK MARKET INFORMATION
CHATTANOOGA, TENNESSEE, MARKETING AREA
August 1963

Volume 8 Reserve

Number 1

Released Pursuant to §1090.27 (j) and §1090.85, USDA-AMS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

MARKET SUMMARY-AUGUST 1963

The MINIMUM uniform producer price is \$4.26 per cwt. f.o.b. Chattanooga Area pool plants for milk containing 3.5% butterfat. The producer butterfat differential is 7.2 cents for each one-tenth of one percent above or below 3.5%.

During August, 78.8% of the total producer milk was priced in Class I at \$4.72 per cwt. with a butterfat differential of 7.5 cents and 21.2% in Class II at \$2.66 per cwt. with a butterfat differential of 6.7 cents. The daily average use of Class I milk increased 9.2% compared with July 1963 and increased 19.0% compared with August 1962.

Daily average delivery of milk from producers was 537,729 pounds in August 1963, an increase of 10,555 pounds per day compared with July 1963 and an increase of 41,403 pounds compared with August 1962. Percentage-wise, August deliveries increased 2.0% and 8.3% compared with July 1963 and August 1962 respectively. The daily average farm delivery was 774 pounds compared with 733 pounds per farm for August 1962. This shows an increase of 41 pounds (4.8 gallons) per farm per day.

PRODUCER MILK BASES

Producers supplying milk to handlers regulated by the Chattanooga Federal Order began forming a new milk base September 1, 1963. The Base Forming Period is September 1963 through January 1964. The established new milk bases will be used during the 1964 Base-Excess pay periods of March through July. Partnership producers are urged to make sure the name of all interested persons is correctly recorded.

The Chattanooga base plan is designed to encourage producers to deliver about the same amount of milk each month. The following table shows this progress by comparing the low and high month of milk deliveries and the percentage difference of high over low month by years since the Order has been in effect.

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VARIATION IN PRODUCER MILK POUNDS (DAILY AVERAGE)

Year	Pounds Delivered Per Farm - Month			Total Producer Deliveries Thousand Pounds - Month		
	Low	High	Difference	Low	High	Difference
1957	441	547	24%	355	436	23%
1958	453	543	20%	359	431	20%
1959	501	599	20%	379	444	17%
1960	554	657	19%	389	461	19%
1961	643	737	15%	438	500	14%
1962	691	789	14%	474	536	13%

The postal ZIP code number for this office address is 37411.

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	<u>Aug. '63</u>	<u>July '63</u>	<u>Aug. '62</u>
Number of Plants (Pool and Non-Pool)	14	14	14
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>			
Producer Deliveries	537,729	527,174	496,326
% August '63 compared with:	100.0	102.0	108.3
Other Source	18,719	19,173	14,011
Other Order	30,421	29,202	10,977
Total Milk Receipts	586,869	575,549	521,314
% August '63 compared with:	100.0	102.0	112.6
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>			
Class I Uses:			
Fluid Milk	343,232	313,958	292,777
Fluid Skim	20,713	18,966	15,117
Buttermilk	46,338	43,175	38,083
Flavored Milk and Drink	13,792	11,959	11,078
Fluid Creams (Sweet & Sour)	2,794	2,679	2,517
Bulk to Non-Handlers	1,417	1,355	2,425
Shrinkage Class I	2,136	2,097	427
Other	(112)	(226)	(858)
Total Class I Milk	430,310	393,963	361,566
% August '63 compared with:	100.0	109.2	119.0
Class II Uses:			
Butter	405	3,071	1,363
Cottage Cheese	21,447	20,976	18,414
Powdered and Condensed Milk	67,699	85,653	77,595
Ice Cream	62,661	57,230	47,603
Stockfeed	6,537	5,370	5,885
Shrinkage Class II	10,029	10,082	7,215
Other	(12,219)	(796)	1,673
Total Class II Milk	156,559	181,586	159,748
% August '63 compared with:	100.0	86.2	98.0
Gross Class I Butterfat Pounds	15,011	13,718	12,744
Gross Class II Butterfat Pounds	7,686	8,548	7,825
Total Butterfat Pounds	22,697	22,266	20,569
% Producer Milk of Gross Class I	125.0	133.8	137.3
% Producer Milk Priced in Class I	78.8	73.5	71.9

SEPTEMBER 1963 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	<u>Sept. '63</u>	<u>Aug. '63</u>	<u>Sept. '62</u>
Basic Formula	\$3.10	\$3.09	\$3.04
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	(0.24)	(0.12)	(0.42)
Class I Price, 3.5% Butterfat	\$4.61	\$4.72	\$4.37
Per \$ 1090.51 (a)			

Supply-Demand Comparison: 1st and 2nd preceding months: July and August

Supply: Lbs. Producer Milk (July 16,342,381 and Aug. 16,669,611) 33,011,992

Demand: Lbs. Net Class I Milk (July 12,025,172 and Aug. 13,144,885) 25,170,057

Utilization Percentage: Producer milk divided by Class I 131

Standard Utilization Percentage: Range 115-119 119

Net Deviation Percentage: Utilization minus Standard Utilization Plus 12

Supply-Demand Adjustment: 2 cents x 12 percentage points Minus \$0.24

Since the supply in relation to the demand is more than the desired standard, the price is decreased 24 cents per hundredweight (2 cents x 12 percentage points).

COMPUTATION OF UNIFORM PRODUCER PRICES FOR AUGUST 1963
Based on 13 plant reports prior to audit (One plant excluded per \$1090.72(a))

	Class %	Milk Pounds	Butterfat Test-%	Cwt.Price @ Test	Value
Gross Class I		12,860,970	3.483		
Less Other Source		198,172	2.672		
Producer Milk Class I	78.5	12,662,798	3.495254	\$4.716441	\$597,233.40
Gross Class II		4,760,171	4.913		
Less Other Source		1,291,601	2.496		
Producer Milk Class II	21.5	3,468,570	5.812539	4.209401	146,006.02
TOTAL PROD. (Cl. I + Cl. II)	100.0	16,131,368	3.993517		743,239.42
Add Fractional Adjustment					.03
Add Compensatory Payment Value and Inventory Reclassification Value					251.34
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					8,413.75
TOTAL VALUE AT TEST		16,131,368	3.993517		751,904.54
Less Test Over 3.5% @ 7.2¢ per point		16,131,368	.493517	0.355332	57,319.91
TOTAL VALUE AT 3.5%		16,131,368	3.5	4.305801	694,584.63
Less Producer-Settlement Fund Reserve		16,131,368		.045801	7,388.33
UNIFORM PRICE f.o.b. POOL PLANT - 3.5%		16,131,368	3.5	\$4.26	\$687,196.30

AUGUST 1963 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)
BUTTERFAT DIFFERENTIAL 7.2¢ PER POINT (EXCLUDES PREMIUMS)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0	\$3.90	3.6	\$4.332	4.2	\$4.764	4.8	\$5.196	5.4	\$5.628
3.05	3.936	3.65	4.368	4.25	4.80	4.85	5.232	5.45	5.664
3.1	3.972	3.7	4.404	4.3	4.836	4.9	5.268	5.5	5.70
3.15	4.008	3.75	4.44	4.35	4.872	4.95	5.304	5.55	5.736
3.2	4.044	3.8	4.476	4.4	4.908	5.0	5.34	5.6	5.772
3.25	4.08	3.85	4.512	4.45	4.944	5.05	5.376	5.65	5.808
3.3	4.116	3.9	4.548	4.5	4.98	5.1	5.412	5.7	5.844
3.35	4.152	3.95	4.584	4.55	5.016	5.15	5.448	5.75	5.88
3.4	4.188	4.0	4.62	4.6	5.052	5.2	5.484	5.8	5.916
3.45	4.224	4.05	4.656	4.65	5.088	5.25	5.52	5.85	5.952
3.5	4.26	4.1	4.692	4.7	5.124	5.3	5.556	5.9	5.988
3.55	4.296	4.15	4.728	4.75	5.16	5.35	5.592	5.95	6.024

AUGUST MILK SAMPLES TESTED - Producer Fresh Samples 6,016 - Handler Finished Products 216.

REPORTS FROM THE FOLLOWING POOL PLANTS WERE INCLUDED IN THE
DETERMINATION OF THE UNIFORM PRODUCER PRICES FOR AUGUST 1963

<u>Pool Plants</u>	<u>Address</u>
Chattanooga Area Milk Prod. Assn.	Chattanooga, Tennessee
Happy Valley Farms, Inc.	Rossville, Georgia
Home Stores, Inc.	Chattanooga, Tennessee
Mayfield Dairy Farms, Inc.	Athens, Tennessee
Ray Moss Farms, Inc.	Chattanooga, Tennessee
Paramount Dairies, Inc.	Dalton, Georgia
Sealtest Foods-Southern Division	Chattanooga, Tennessee

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Aug. '62	\$4.05	-	-	7.2¢	\$4.60	7.5¢	\$2.66	6.7¢
Sept.	4.02	-	-	7.2	4.37	7.5	3.06	6.7
Oct.	4.03	-	-	7.2	4.39	7.6	3.05	6.7
Nov.	4.20	-	-	7.2	4.52	7.5	3.09	6.7
Dec.	4.20	-	-	7.2	4.65	7.5	3.09	6.7
Jan. '63	4.29	-	-	7.2	4.70	7.5	3.09	6.7
Feb.	4.24	-	-	7.2	4.63	7.5	2.76	6.7
Mar.	4.33 ^{2/}	\$4.42	\$2.71	7.2	4.75	7.5	2.75	6.7
Apr.	4.23 ^{2/}	4.41	2.66	7.2	4.82	7.5	2.70	6.7
May	4.21 ^{2/}	4.34	2.62	7.2	4.79	7.5	2.66	6.7
June	4.17 ^{2/}	4.29	2.62	7.2	4.82	7.5	2.66	6.7
July	4.23 ^{2/}	4.39	2.62	7.2	4.83	7.5	2.66	6.7
Aug.	4.26	-	-	7.2	4.72	7.5	2.66	6.7
Sept.	-	-	-	-	4.61	7.5	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%		PRICE QUOTATIONS			BASIC FORMULA	
	4 Tenn.	Butter	4 Tenn.	Chi.92°	Chi.Area	Minn.-Wisc.	
	Milk Mfg.	Powder	Milk Mfg.	Butter	Powders	Mfg.Grade Milk	
	\$-cwt-4%		\$-cwt-4%	¢ Lb.	¢ Lb.	\$-cwt-3.5%	
Aug. '62	2.66	3.05	3.000	57.97	13.27		3.04
Sept.	2.66	3.06	3.000	58.28	13.40		3.06
Oct.	2.66	3.05	3.000	57.96	13.44		3.07
Nov.	2.72	3.09	3.050	57.99	13.76		3.10
Dec.	2.75	3.09	3.081	57.98	13.86		3.11
Jan. '63	2.76	3.09	3.100	57.97	13.92		3.10
Feb.	2.76	3.08	3.100	57.94	13.95		3.10
Mar.	2.75	3.12	3.088	57.97	14.07		3.09
Apr.	2.70	3.09	3.031	57.97	13.97		3.08
May	2.66	3.09	3.000	57.97	13.94		3.07
June	2.66	3.12	3.000	57.97	14.04		3.08
July	2.66	3.12	3.000	57.97	14.03		3.09
Aug.	2.66	3.12	3.000	57.97	14.07		3.10

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK ^{3/}			PRODUCER DATA ^{3/}				Deliveries Per			Prod.
	No.	Total	Class I	Class I	Total	Base	No.	Farm----Pounds			Milk
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base	Exc.	Test%
Aug. '62	14	521,314	361,566	357,051	496,326	-	677	733	-	-	4.04
Sept.	14	528,521	385,941	381,658	508,196	-	673	755	-	-	4.09
Oct.	14	542,005	398,123	393,583	525,753	-	673	781	-	-	4.29
Nov.	14	515,320	408,567	403,451	500,139	-	672	744	-	-	4.41
Dec.	14	513,390	372,053	367,468	496,731	-	668	744	-	-	4.41
Jan. '63	15	508,073	389,629	383,326	493,008	-	666	740	-	-	4.36
Feb.	15	543,735	406,650	400,237	497,477	-	694	717	-	-	4.32
Mar.	16	522,627	400,023	385,801	481,460	456,507	661	728	691	37	4.17
Apr.	16	638,439	435,455	429,486	581,762	523,349	706	824	741	83	4.02
May	16	608,217	424,730	418,446	561,115	517,411	701	800	738	62	4.01
June	16	587,215	386,749	380,119	536,089	494,678	700	766	707	59	3.99
July	14	575,549	393,963	387,683	527,174	479,294	697	756	688	68	3.99
Aug.	14	586,869	430,310	423,917	537,729	-	695	774	-	-	4.00

^{1/} Excludes Premiums^{2/} For Statistics^{3/} Other Source is Gross minus Producer; Class II is Receipts minus Class I